

AN ORDINANCE 2006-06-15-0703

AUTHORIZING A RATE ADJUSTMENT TO THE CITY PUBLIC SERVICE (CPS ENERGY) GAS RATES (AMENDING THE SERVICE AVAILABILITY CHARGE, DEMAND CHARGE, AND/OR ENERGY CHARGE FOR VARIOUS RATE CLASSES) AND GAS FURNACE LIGHT FEE; ELIMINATION OF THE GAS RIDER G3; AND DISCONTINUATION OF THE RESIDENTIAL ALL-ELECTRIC RATE FOR NEW PREMISES

* * * * *

WHEREAS, CPS Energy operates a combined electric and gas utility system on behalf of the City of San Antonio, and the CPS Energy Board of Trustees has determined that current gas rates are not recovering the cost of operating the Gas Business Unit as a result of increased expenses due to inflation since the last base rate adjustment in 1991, slow customer growth, and a decline in average residential gas consumption; and

WHEREAS, the CPS Energy Board of Trustees has established a directive for the Gas Business Unit to become cash flow positive within three years under a plan that consists of three components: (1) increase gas market penetration level by promoting a marketing effort to install gas service in new neighborhoods using a Smart Energy theme; (2) drive operating cost down through process and performance improvements; and (3) adjust rates in order to offset increased costs while maintaining competitive rates (the "Gas Business Unit Plan"); and

WHEREAS, the rate adjustment is intended to generate an estimated additional \$12.8 million annually, which will raise overall base gas rates to recover a substantial portion of the cost of servicing gas customers, leaving the remainder to be addressed through the other two components of the Gas Business Unit Plan; and

WHEREAS, the proposed rate adjustment will increase the service availability charge for residential and small commercial customer by \$2.96 per month, and will result in a modest increase in the demand and/or energy delivery charges for large commercial and large-volume gas customers; and

WHEREAS, as part of the rate adjustment, CPS Energy is proposing to increase the Gas Furnace Lighting Fee from \$7.00 (October thru January) to \$24.00 (all months) in order to recover the actual cost of providing this service; and

WHEREAS, due to previous rate changes and more applicable rate alternatives, CPS Energy is proposing to eliminate Rider G3, which only applies to customers with alternative fuel capability; and

WHEREAS, in order to promote combined electric and gas service (which provides a better energy value to consumers) CPS Energy is proposing to discontinue the Residential All-Electric Rate for new premises; and

WHEREAS, on April 20, 2006, CPS Energy held a public meeting at the Villita Assembly Building to receive customer comments about the proposed rate adjustment; and

WHEREAS, on May 22, 2006, the CPS Energy Board of Trustees approved the proposed rate adjustment following review and endorsement of the rate proposal by the CPS Energy Citizens Advisory Committee; and

WHEREAS, following the proposed rate adjustment, CPS Energy will continue to have one of the lowest combined average gas and electric bills for residential customers among the top ten largest cities in the country, and one of the lowest among municipally-owned utilities nationwide based on monthly usage of 1,000 kilowatt hours of electricity and 5,000 cubic feet of gas; and

WHEREAS, the City's Public Utilities staff has performed a detailed review of the requested rate adjustment focusing on the following areas: (1) trend analysis of operating and maintenance (O&M) costs; (2) cost allocation methodology; (3) revenue projection estimates; (4) capital improvements plan; (5) debt service requirements; and (6) fund balance breakdown; and based on the review staff has determined that the proposed rate increase is reasonable and necessary in order for the Gas Business Unit to more accurately recover its cost of service; and

WHEREAS, the proposed rate adjustment and the Gas Business Unit Plan are consistent with Section 1502.057 of the Texas Government Code which requires municipal utility rates to recover all operating, maintenance, depreciation, replacement, improvement, and interest charges in connection with the utility system; and any outstanding debt against the system; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. In the exercise of its governmental regulatory authority, the City Council of the City of San Antonio does hereby approve the proposed increase in gas rates requested by CPS Energy which is intended to generate an additional estimated \$12.8 million annually in gas base rates.

SECTION 2. The proposed increase in the Gas Furnace Lighting Fee from \$7.00 (October thru January) to \$24.00 (all months) is approved.

SECTION 3. Rider G3 to the CPS Energy gas rates is hereby eliminated.

SECTION 4. The Residential All-Electric Rate is hereby discontinued for all new premises.

SECTION 5. The revised tariff sheets, incorporated into this Ordinance as Attachment I, acknowledge the change in marketing name from "City Public Service" to "CPS Energy," in addition to other corrections in terminology that reflect changes in CPS Energy's policies, rules and regulations.

SECTION 6. The adjustments to the residential, commercial, industrial, and large-volume gas rates set out in the revised tariff sheets, incorporated into this Ordinance as Attachment I, are hereby approved.

SECTION 7. The revised gas rates and fees have been adopted after a complete investigation of relevant facts and policy issues, and based on such investigation, the City Council of the City of San Antonio hereby finds and determines that said rates and fees are fair and reasonable, equal and uniform, nondiscriminatory, and necessary to meet the operating and maintenance expenses of operating the gas system and pay the principal and interest on utility revenue bonds.

SECTION 8. The City Council hereby directs CPS Energy to work with the Residential Energy Assistance Partnership, Inc. (REAP) Board of Directors to promptly make available an additional \$500,000 to qualified assistance recipients, and authorizes the City Manager, or her designee, to prepare and sign any documents necessary to achieve this directive.

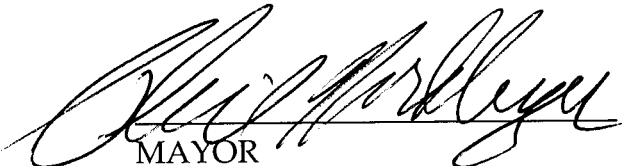
SECTION 9. This ordinance shall become effective ten days following its passage. The revised gas rates and fees set out in the attached tariff sheets, as approved by this Ordinance, shall become effective at 12:01 a.m. on June 26, 2006.

PASSED AND APPROVED, this 15th day of JUNE, 2006.

ATTEST:



City Clerk



MAYOR

APPROVED AS TO FORM:



for City Attorney

Agenda Voting Results

Name: 4.

Date: 06/15/06

Time: 11:22:40 AM

Vote Type: Multiple selection

Description: An Ordinance authorizing a rate adjustment to the City Public Service (CPS Energy) gas rates (amending the service availability charge, demand charge, and/or energy charge for various rate classes) and gas furnace light fee; elimination of the gas rider G3; and discontinuation of the residential all-electric rate for new premises. [Presented by Ben Gorzell, Acting Director, Finance; Sheryl Sculley, City Manager]

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3			x	
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5			x	
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
KEVIN A. WOLFF	DISTRICT 9	Not present			
CHIP HAASS	DISTRICT_10		x		
MAYOR PHIL HARDBERGER	MAYOR		x		

Agenda Voting Results

Name: 4. Amendment 1 as presented by CM Gutierrez

Failed

Date: 06/15/06

Time: 11:20:21 AM

Vote Type: Multiple selection

Description:

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1			x	
SHEILA D. MCNEIL	DISTRICT 2			x	
ROLAND GUTIERREZ	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4			x	
PATTI RADLE	DISTRICT 5		x		
DELICIA HERRERA	DISTRICT 6			x	
ELENA K. GUAJARDO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8			x	
KEVIN A. WOLFF	DISTRICT 9	Not present			
CHIP HAASS	DISTRICT_10			x	
MAYOR PHIL HARDBERGER	MAYOR			x	

2/10/11

ATTACHMENT 1

CPS Energy
CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO

GENERAL SERVICE
RESIDENTIAL AND BASE COMMERCIAL GAS RATE

G

APPLICATION

This rate is applicable to gas service supplied through one metering station and used for domestic and commercial cooking, heating, and lighting purposes.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to ~~City Public Service~~ CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the ~~City Public Service Board~~ CPS Energy Policy for Gas Main Extensions and Service Connections/Installations.

MONTHLY BILL

Rate

\$ ~~3.85~~6.81 Service Availability Charge

\$ 0.438 Per CCF for all CCF

1 CCF equals 100 cubic feet

Minimum Bill

~~\$3.85~~6.81. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus

- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes, with the exception that the late payment charge will be on the budget billing amount for those customers on the ~~City Public Service Board~~CPS Energy's Budget Payment Plan.

TERM OF SERVICE

The Term of Service shall be in accordance with the ~~City Public Service~~CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

~~City Public Service~~CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy OF SAN ANTONIO

~~INDUSTRIAL GAS~~

GAS RATE

CLASS A

APPLICATION

This rate is applicable to gas service supplied through one metering station for which no other rate applies.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to ~~City Public Service~~ CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the ~~City Public Service Board~~ CPS Energy Policy for Gas Main Extensions and Service Connections/Installations.

MONTHLY BILL

Rate

\$ 30.00	Service Availability Charge
\$ 0.510	Per CCF for the first 2,000 CCF
\$ 0.425	Per CCF for all additional CCF

1 CCF equals 100 cubic feet

Minimum Bill

\$30.00. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus

- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the ~~City Public Service~~CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

~~City Public Service~~CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy OF SAN ANTONIO

~~INDUSTRIAL GAS~~

GAS RATE

CLASS B

APPLICATION

This rate is applicable to gas service supplied through one metering station for fuel used (a) for commercial cooking, heating, and lighting purposes, (ab) for industrial, manufacturing or processing purposes, or for steam generation for power purposes, including auxiliary apparatus used exclusively for manufacturing or processing purposes, or (bc) for heating and/or cooling plants.

This rate is not applicable to gas supplied for:

- (1) standby service
- (2) resale
- (3) single family residential units.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to ~~City Public Service~~ CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the ~~City Public Service Board~~ CPS Energy Policy for Gas Main Extensions and Service Connections/Installations.

MONTHLY BILL

Rate

\$ 28.00 Service Availability Charge

\$ ~~0.3940~~ 0.416 Per CCF for the first 6,000 CCF

\$ 0.345 Per CCF for all additional CCF

1 CCF equals 100 cubic feet

Minimum Bill

\$28.00 for all Customers whose monthly billed consumption never equals or exceeds 10,000 CCF in a single billing month. \$325.00 for all Customers whose monthly billed consumption is equal to or exceeds 10,000 CCF in a single billing month. This amount for the Minimum Bill will be continued for eleven (11) consecutive months after the most recent month in which the billing consumption was equal to or greater than 10,000 CCF. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus

- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the ~~City Public Service~~CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

~~City Public Service~~CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy OF SAN ANTONIO

LARGE VOLUME

GAS RATE

LVG

APPLICATION

This rate is applicable to gas service supplied through one metering station for fuel used (a) for commercial services, (b) for industrial, manufacturing or processing purposes, or for steam generation for power purposes, including auxiliary apparatus used exclusively for manufacturing or processing purposes, or (c) for heating and/or cooling plants.

This rate is not applicable to gas supplied for:

- (1) standby service
- (2) resale
- (3) single family residential units.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to ~~City Public Service~~ CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the ~~City Public Service Board~~ CPS Energy Policy for Gas Main Extensions and Service Connections/Installations.

MONTHLY BILL

Rate

\$ 325.00 Service Availability Charge

Demand Charge

Winter Billing (December-March)

\$ ~~0.800.92~~ Per CCF/Day of Billing Demand

Non-Winter Billing (April-November)

\$ ~~0.640.74~~ Per CCF/Day of Billing Demand

Energy Charge

\$ ~~0.2650.280~~ Per CCF for all CCF

1 CCF equals 100 cubic feet

Billing Demand

For the winter period December through March, the Billing Demand (CCF/Day) shall be equal to the greatest of the following:

- a) the monthly metered consumption divided by days in the billing period
- b) 600 CCF/Day
- c) such higher demand (CCF/Day) as may be specified in the Customer's Application and Agreement for Gas Service.

For the non-winter period April through November, the Billing Demand (CCF/Day) shall be equal to the greatest of the following:

- a) the maximum billing demand (CCF/Day) as established during the previous winter period months of December through March

- b) 600 CCF/Day
- c) such higher demand (CCF/Day) as may be specified in the Customer's Application and Agreement for Gas Service.

For new customers having no winter CCF usage history, the billing demand (CCF/Day) as defined above shall be equal to the greater of (b) or (c) as defined herein.

Minimum Bill

The Minimum Bill shall be equal to the Service Availability Charge plus the Demand Charge (Winter Billing or Non-Winter Billing as the case may be) or such higher Minimum Bill as may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the ~~City Public Service~~CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

~~City Public Service~~CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy
OF SAN ANTONIO

NATURAL GAS TRANSPORTATION SERVICE

NGT

APPLICATION

This rate is applicable only to Customers for whom a separate contract or agreement (Agreement) between ~~City Public Service~~ CPS Energy and the Customer exists for the transportation of Customer-owned natural gas (gas) through ~~City Public Service~~ CPS Energy facilities for delivery to the Customer for the Customer's own use. Customers whose natural gas is transported through ~~City Public Service~~ CPS Energy facilities will be subject to the rates and other specifications included herein, as well as those in the Agreement and in other rate schedules, policies, rules and regulations of ~~City Public Service~~ CPS Energy which are referenced herein.

This rate is available to Customers who otherwise would qualify for service under ~~Industrial Gas Rates Class B or LVG~~. This rate is not available to transportation of natural gas for: (1) resale by Customer, (2) standby gas service, or (3) service to electric self-generator Customers. Nevertheless, this rate is applicable and available to: (1) Customers who compress the gas for subsequent sale as a vehicular fuel, and to (2) Cogeneration facilities or Small Power Production facilities qualified under the Federal Energy Regulatory Commission Rules. Gas transported or used by a Customer under this rate is subject to the curtailment provisions as specified under the priority system established by the Railroad Commission of Texas, and also to constraints (if any) contained in existing ~~City Public Service~~ CPS Energy gas supply contracts.

The Customer is responsible for and shall provide evidence satisfactory to ~~City Public Service~~ CPS Energy that the Customer has contracted with all appropriate parties and has obtained all necessary clearances and certificates from governmental agencies and others as may be required for the safe and timely delivery of sufficient quantities of natural gas to ~~City Public Service~~ CPS Energy. ~~City Public Service~~ CPS Energy retains the right to accept or reject a proposed natural gas Supplier, as a condition of gas transportation service under this rate, based on such factors as reliability of gas supply and general business reliability. Acceptance of a Customer's Gas Supplier by ~~City Public Service~~ CPS Energy shall not unreasonably be withheld. The point of delivery of natural gas to ~~City Public Service~~ CPS Energy shall be one of the existing ~~City Public Service~~ CPS Energy gate stations. Other points of delivery may be considered by ~~City Public Service~~ CPS Energy, if and only if the Customer assumes in writing the responsibility for all additional fixed and continuing costs thereof. Natural gas transported by ~~City Public Service~~ CPS Energy shall be redelivered to the Customer through one metering point, or point of redelivery.

TYPE OF SERVICE

All gas redeliveries to Customer will be measured in terms of 100 Cubic Feet (CCF). Natural gas will be transported for redelivery to the Customer at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. The quality of gas transported must meet the specifications listed in the Agreement, and must be consistent with the specifications contained in the gas supply contracts between ~~City Public Service~~ CPS Energy and its natural gas suppliers. The quantity of gas transported by ~~City Public Service~~ CPS Energy shall be deemed equal to the consumption as metered by ~~City Public Service~~ CPS Energy at the redelivery point plus Gas Losses as defined herein. All gas banking and balancing shall be the responsibility of the Customer. Customer shall provide evidence acceptable to ~~City Public Service~~ CPS Energy of Customer's gas banking and balancing arrangements.

~~City Public Service~~ CPS Energy will require each natural gas transportation Customer to assume initial and continuing cost responsibilities for on-line gas volumetric metering facilities located at the points of redelivery to the Customer and (if necessary) at the points of delivery to ~~City Public Service~~ CPS Energy, for associated computing facilities used in storing and using the on-line volumetric data, and also for on-line data telemetric delivery to the data processing facilities as required by ~~City Public Service~~ CPS Energy in order to properly compute billings. Said facilities shall be specified and owned by ~~City Public Service~~ CPS Energy, and shall be capable of hourly volumetric measurements of natural gas redelivered to the Customer.

~~City Public Service~~ CPS Energy shall assume responsibility only for natural gas delivered by Customer's Supplier to ~~City Public Service~~ CPS Energy gate stations in quantities no higher or lower than provided for in the Agreement. The Customer is responsible for arranging the delivery of natural gas to ~~City Public Service~~ CPS Energy in hourly amounts equal to those metered at the redelivery point plus Gas Losses. Gas Losses are herein estimated to be two percent (2.0%) of the gas consumption metered at the redelivery point. ~~City Public Service~~ CPS Energy shall bill the Customer for quantities of gas used by Customer over and above amounts delivered by Customer's Supplier to ~~City Public Service~~ CPS Energy, according to Firming Gas Service rates and provisions specified herein.

FIRMING GAS SERVICE

City Public Service CPS Energy makes no stated or implied guarantee of backup natural gas service (firming gas service) to any natural gas transportation Customer. If Customer's Supplier is unable to deliver sufficient quantities of gas, City Public Service CPS Energy may at its sole discretion elect to supply firming gas service to the Customer. If City Public Service CPS Energy so elects, the Customer shall be responsible for rates and charges for this firming gas service as specified herein.

TERM OF SERVICE

The term of service hereunder shall be a minimum of five (5) years and shall begin on the day the Agreement is executed. Prior to the end of the term the Customer shall either renew or extend the Agreement (subject to the Agreement terms in effect at the time of renewal or to revised terms at the discretion of City Public Service CPS Energy) for an additional five (5) year term, or shall apply for a full requirements gas service rate. Applicants for full requirements gas service will be subject to the gas availability constraints that may exist at the time. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

MONTHLY BILLRate

\$ 1,000.00 Service Availability Charge

Demand Charge

\$ 0.800.92 Winter Billing (December-March)
Per CCF/Day of Billing Demand

\$ 0.640.74 Non-Winter Billing (April-November)
Per CCF/Day of Billing Demand

Volume Charge

\$ 0.010.024 Per CCF for all CCF

1 CCF equals 100 cubic feet

Billing Demand

The Billing Demand (CCF/Day) shall be equal to the greatest of the following:

- a) the metered maximum demand (CCF/Day) registered during the month.
- b) the maximum demand (CCF/Day) registered during any winter month (December through March) of the preceding eleven months.
- c) such higher demand (CCF/Day) as may be specified in the Customer's Agreement.

Rate - Firming Transportation Gas Service

For each month during which City Public Service CPS Energy is requested and agrees to use its own gas to supply the Customer, City Public Service CPS Energy will bill for this gas in accordance with City Public Service CPS Energy Industrial Gas Rate Class A. Should City Public Service CPS Energy purchase gas in addition to its natural gas supply contracts in order to supply Customer with gas owned by City Public Service CPS Energy, then Customer shall be responsible for and will be billed for any additional gas costs thereof - including amounts computed under the adjustments below. Charges billed hereunder are in addition to gas transportation charges detailed herein.

Charges Established by Contract

The charges for transportation service provided under this Schedule may be established by contract at levels less than the maximum set out above under Monthly Bill. Lower charges may be set by contract with a Customer who otherwise qualifies for and elects gas transportation service if the customer provides evidence satisfactory to City Public Service CPS Energy establishing at least one of the following: 1) the Customer has the intention and capability of bypassing City Public Service CPS Energy's facilities absent availability of a more competitive level of charges; 2) the Customer's location of new facilities in City Public Service CPS Energy's gas service area is contingent upon availability of a more competitive level of charges; or 3) the Customer's economic situation for its existing facilities served by City Public Service CPS Energy's gas system will require the closure or relocation of the facilities absent availability of a more competitive level of charges. If the foregoing qualification is met, the Customer shall enter into a contract with City Public Service CPS Energy specifying the nature of the service to be supplied, the price to be paid, and such other terms and conditions as are mutually agreeable. Such contracts shall be treated on a confidential basis, to the extent allowed by law. In connection with negotiation of customer contracts pursuant to this provision, City Public Service CPS Energy shall not establish for such service a price below the incremental costs over the term of the contract plus a reasonable contribution toward the system costs.

MINIMUM BILL

The charges computed as detailed herein, plus any adjustments or additional charges, including initial required payments and monthly continuing payments, which are due at the time the Agreement is executed. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

ADJUSTMENTS

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional one (1) percent of the unpaid balance.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference. Said Rules and Regulations are subordinate to this rate and to the Agreement.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy
OF SAN ANTONIO

COMPRESSED NATURAL GAS - VEHICLE

GAS RATE (TEMPORARY-EXPERIMENTAL)

CNGV

APPLICATION

This rate is applicable to compressed natural gas service supplied for propulsion of natural gas powered vehicles. ~~City Public Service~~ CPS Energy may sell excess compressed natural gas (over and above the needs of ~~City Public Service~~ CPS Energy vehicles), if available, to owners of natural gas powered vehicles. ~~City Public Service~~ CPS Energy reserves the option to sell compressed natural gas under this rate for other uses.

TYPE OF SERVICE

Natural gas will be compressed by ~~City Public Service~~ CPS Energy and delivered at a nominal gauge pressure of 3,000 pounds per square inch. Measurements will be adjusted to the equivalent of 0.25 pounds per square inch gauge pressure.

RATE

\$ 0.580 Per CCF (equivalent to \$0.667 per gallon of gasoline)

1 CCF equals 100 cubic feet

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the month preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus an adjustment to the above Rate to reflect the heat content (BTU per CCF) of natural gas used each month for compressed natural gas vehicle services. The above Rate will also be adjusted and/or converted to \$ per Gasoline Equivalent Gallons (GEG) each month for ~~City Public Service~~CPS Energy compressed natural gas sales to customers. The computations used in these adjustment and conversions shall be subject to any Regulatory Authority having jurisdiction, including but not limited to the Texas Department of Agriculture and the Railroad Commission of Texas.

Plus an adjustment, if necessary, such that the total price paid by vehicle Customers approximates that of the prevailing market price for compressed natural gas in San Antonio and surrounding areas. ~~City Public Service~~CPS Energy will conduct an appropriate market survey each month in order to adjust this rate to market conditions.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill for Credit Customers will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 1.0 percent each month times the balance due, excluding sales taxes (if any).

TERM OF SERVICE

Service for Credit Customers shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the ~~City Public Service~~CPS Energy Application and Agreement For Sale of Contract For Compressed Natural Gas Vehicle Service. Service for other Customers will be provided on a real-time per transaction basis.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference. Service is also subject to the ~~City Public~~CPS Energy Application and Agreement For Sale of Contract For Compressed Natural Gas Vehicle Service.

CURTAILMENT

~~City Public Service~~CPS Energy shall have right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy
OF SAN ANTONIO

COMPRESSION STATION FOR VEHICLES

GAS RATE GAS RATE

CSV

APPLICATION

This rate is applicable exclusively to gas service supplied through one meter to stations compressing natural gas for vehicular use.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to City Public Service CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the City Public Service CPS Energy Board Policy for Gas Main Extensions and Service Connections/Installations.

MONTHLY BILL

Rate

\$ 0.310 Per CCF for all CCF

1 CCF equals 100 cubic feet

Minimum Bill

\$325.00 per month or as specified in the Customer's Application and Agreement for Service.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus

- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the ~~City Public Service~~CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

~~City Public Service~~CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy
OF SAN ANTONIO

RIDER G1

SCHOOL HEATING BOILER SERVICE

This rider is available only to the heating boiler load of tax supported schools when separately metered. All the terms of ~~INDUSTRIAL~~ GAS RATE CLASS B apply with the following exceptions:

- (a) The monthly Service Availability Charge will be \$13.00 during the months of May through October.
- (b) The monthly Minimum Bill will be the Service Availability Charge.

The Customer must provide, at Customer expense, all the house piping and connections necessary to install a ~~City Public Service~~ CPS Energy meter to separately measure the heating boiler load.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy
OF SAN ANTONIO

RIDER G2

SOLAR ENERGY USERS

This rider is available to those customers who obtain part or all of their energy requirement from a solar source and who need to supplement it with natural gas from ~~City Public Service~~ CPS Energy.

The applicable rate will be that for which the customer would qualify if he did not have a solar source of energy.

The applicable rate will be applied with no modifications other than to exclude solar energy sources in the interpretation of the restrictions applying to the application "to gas supplied for standby service".

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO

RIDER G3

CUSTOMERS WITH ALTERNATIVE FUEL CAPABILITY

— This rider is available only to Customers currently served by City Public Service INDUSTRIAL GAS RATE CLASS B and which have the capability of using alternative fuels. Customer will certify, in a signed affidavit, that Customer currently has physical and legal capability of using the alternative fuel to displace City Public Service natural gas.

— In addition to the required affidavit, City Public Service must be provided the opportunity to inspect Customer facilities. City Public Service, at its sole discretion, will determine eligibility of Customer for service under this rider.

— All monthly CCF in excess of 10,000 CCF will be billed at the lesser of:

- a) — the monthly cost of Customer's alternative fuel for the equivalent heating value of CPS' gas; or
- b) — \$0.345 per CCF plus the applicable unit gas cost factor;

however, in no case shall said excess be billed at a price lower than \$0.283 per CCF plus the applicable unit gas cost factor.

— All other terms of the City Public Service INDUSTRIAL GAS RATE CLASS B apply.

~~CITY PUBLIC SERVICE BOARD~~ CPS Energy
OF SAN ANTONIO

RESIDENTIAL ALL ELECTRIC SERVICE

ELECTRIC RATE

RA

APPLICATION

Subject to other conditions contained herein, ~~this rate is applicable to all alternating current service for residential purposes only, to premises at which any Customer whose total energy needs are satisfied by electric service supplied by City Public Service~~ CPS Energy. In order to qualify for this tariff, the residential Customer ~~should~~ must not have ~~no~~ other sources of energy for use in space heating, air conditioning, water heating, cooking or other major loads at the premises.

The service to the premises is supplied at one point of delivery through one meter. When a portion of a residence or household unit served through one meter is used for non-residential purposes, this rate is not applicable. However, if the wiring is so arranged that the service for residential purposes and that for non-residential purposes are separately metered, this rate is applicable to the service supplied for residential purposes provided all other application criteria have been satisfied.

This rate is not applicable to service for resale or to service for hotels, rooming houses, boarding houses, motels, dormitories, or to premises used for other than residential purposes.

This rate is not applicable when more than four residential units are served through one meter.

This rate applies to any premises that qualifies under, and is subject to, the RA rate as of June 26, 2006, where no rate other than the RA rate has subsequently been applied to the premises, i.e., the subsequent provision of electric service under any other rate disqualifies the premises from future application of the RA rate.

In all cases, the application criteria and proper application of this rate shall be determined at the sole discretion of ~~City Public Service~~ CPS Energy.

TYPE OF SERVICE

The types of service available under this rate are described in ~~City Public Service~~ CPS Energy Electric Service Standards. When facilities of adequate capacity and suitable phase and voltage are not adjacent to the premises served or to be served, the required service may be provided pursuant to ~~City Public Service~~ CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the ~~City Public Service~~ CPS Energy Board Policy for Electric Line Extensions and Service Connections Installations.

MONTHLY BILL

Rate

\$ 4.25 Service Availability Charge

Energy Charge

\$ 0.06275 Summer Billing (June - September)
Per KWH for all KWH

Non-Summer Billing (October - May)
\$ 0.06175 Per KWH for the first 600 KWH
\$ 0.05175 Per KWH for all KWH in excess of 600 KWH

Peak Capacity Charge*

\$ 0.0150 Per KWH for all KWH in excess of 600 KWH

*Peak Capacity Charge is applicable only during the summer billing period (June - September).

Minimum Bill

\$4.25. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Electric Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit fuel cost factor for the current month above or below a basic cost of \$0.01416 per KWH sold. The unit fuel cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit fuel cost per KWH, which is computed based upon the current month's estimated KWH generation mix, unit fuel cost by fuel type, any known changes in fuel cost, sales to other than long-term customers, purchases and line losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of fuel costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit fuel cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit fuel cost (corrected for any fuel supplier surcharge) and the current computation for this value times the KWH generated during the preceding month and then dividing the result by the current month's estimated KWH sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of fuel costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit fuel cost and actual unit fuel cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit fuel cost and the actual unit fuel cost for that month (corrected for any fuel supplier surcharge) times the KWH generated during the preceding month and then dividing the result by the current month's estimated KWH sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit fuel cost factors during the months preceding, including, and/or following January each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual fuel cost with the annual cumulative fuel cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to fuel costs resulting from judicial orders or settlements of legal proceedings affecting fuel costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to fuel costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the electric system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for fuel costs, garbage fees and sales taxes, with the exception that the late payment charge will be on the budget billing amount for those Customers on the ~~City Public Service~~CPS Energy's Board's Budget Payment Plan.

TERM OF SERVICE

The Term of Service shall be in accordance with the ~~City Public Service~~CPS Energy Application and Agreement for Electric Service.

RULES AND REGULATIONS

Service is subject to ~~City Public Service~~CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

~~City Public Service~~CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of electricity to Customers, in order to adjust to fuel supplies for generation of electricity or to adjust to other factors affecting delivery capability.

CPS Energy

GENERAL SERVICE

RESIDENTIAL AND BASE COMMERCIAL GAS RATE

G

APPLICATION

This rate is applicable to gas service supplied through one metering station and used for domestic and commercial cooking, heating, and lighting purposes.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the CPS Energy Policy for Gas Main Extensions and Service Installations.

MONTHLY BILL

Rate

\$ 6.81 Service Availability Charge

\$ 0.438 Per CCF for all CCF

1 CCF equals 100 cubic feet

Minimum Bill

\$6.81. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus

- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes, with the exception that the late payment charge will be on the budget billing amount for those customers on the CPS Energy's Budget Payment Plan.

TERM OF SERVICE

The Term of Service shall be in accordance with the CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

CPS Energy

GAS RATE

CLASS A

APPLICATION

This rate is applicable to gas service supplied through one metering station for which no other rate applies.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the CPS Energy Policy for Gas Main Extensions and Service Installations.

MONTHLY BILL

Rate

\$ 30.00	Service Availability Charge
\$ 0.510	Per CCF for the first 2,000 CCF
\$ 0.425	Per CCF for all additional CCF

1 CCF equals 100 cubic feet

Minimum Bill

\$30.00. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

CPS Energy

GAS RATE

CLASS B

APPLICATION

This rate is applicable to gas service supplied through one metering station for fuel used (a) for commercial cooking, heating, and lighting purposes, (b) for industrial, manufacturing or processing purposes, or for steam generation for power purposes, including auxiliary apparatus used exclusively for manufacturing or processing purposes, or (c) for heating and/or cooling plants.

This rate is not applicable to gas supplied for:

- (1) standby service
- (2) resale
- (3) single family residential units.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the CPS Energy Policy for Gas Main Extensions and Service Installations.

MONTHLY BILL

Rate

\$ 28.00	Service Availability Charge
\$ 0.416	Per CCF for the first 6,000 CCF
\$ 0.345	Per CCF for all additional CCF

1 CCF equals 100 cubic feet

Minimum Bill

\$28.00 for all Customers whose monthly billed consumption never equals or exceeds 10,000 CCF in a single billing month. \$325.00 for all Customers whose monthly billed consumption is equal to or exceeds 10,000 CCF in a single billing month. This amount for the Minimum Bill will be continued for eleven (11) consecutive months after the most recent month in which the billing consumption was equal to or greater than 10,000 CCF. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus

- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

CPS Energy

LARGE VOLUME

GAS RATE

LVG

APPLICATION

This rate is applicable to gas service supplied through one metering station for fuel used (a) for commercial services, (b) for industrial, manufacturing or processing purposes, or for steam generation for power purposes, including auxiliary apparatus used exclusively for manufacturing or processing purposes, or (c) for heating and/or cooling plants.

This rate is not applicable to gas supplied for:

- (1) standby service
- (2) resale
- (3) single family residential units.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the CPS Energy Policy for Gas Main Extensions and Service Installations.

MONTHLY BILL

Rate

\$ 325.00 Service Availability Charge

Demand Charge

\$ 0.92 Winter Billing (December-March)
Per CCF/Day of Billing Demand

\$ 0.74 Non-Winter Billing (April-November)
Per CCF/Day of Billing Demand

\$ 0.280 Energy Charge
Per CCF for all CCF

1 CCF equals 100 cubic feet

Billing Demand

For the winter period December through March, the Billing Demand (CCF/Day) shall be equal to the greatest of the following:

- a) the monthly metered consumption divided by days in the billing period
- b) 600 CCF/Day
- c) such higher demand (CCF/Day) as may be specified in the Customer's Application and Agreement for Gas Service.

For the non-winter period April through November, the Billing Demand (CCF/Day) shall be equal to the greatest of the following:

- a) the maximum billing demand (CCF/Day) as established during the previous winter period months of December through March
- b) 600 CCF/Day
- c) such higher demand (CCF/Day) as may be specified in the Customer's Application and Agreement for Gas Service.

For new customers having no winter CCF usage history, the billing demand (CCF/Day) as defined above shall be equal to the greater of (b) or (c) as defined herein.

Minimum Bill

The Minimum Bill shall be equal to the Service Availability Charge plus the Demand Charge (Winter Billing or Non-Winter Billing as the case may be) or such higher Minimum Bill as may be specified in the Customer's Application and Agreement for Gas Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

CPS Energy

NATURAL GAS TRANSPORTATION SERVICE

NGT

APPLICATION

This rate is applicable only to Customers for whom a separate contract or agreement (Agreement) between CPS Energy and the Customer exists for the transportation of Customer-owned natural gas (gas) through CPS Energy facilities for delivery to the Customer for the Customer's own use. Customers whose natural gas is transported through CPS Energy facilities will be subject to the rates and other specifications included herein, as well as those in the Agreement and in other rate schedules, policies, rules and regulations of CPS Energy which are referenced herein.

This rate is available to Customers who otherwise would qualify for service under Gas Rates Class B or LVG. This rate is not available to transportation of natural gas for: (1) resale by Customer, (2) standby gas service, or (3) service to electric self-generator Customers. Nevertheless, this rate is applicable and available to: (1) Customers who compress the gas for subsequent sale as a vehicular fuel, and to (2) Cogeneration facilities or Small Power Production facilities qualified under the Federal Energy Regulatory Commission Rules. Gas transported or used by a Customer under this rate is subject to the curtailment provisions as specified under the priority system established by the Railroad Commission of Texas, and also to constraints (if any) contained in existing CPS Energy gas supply contracts.

The Customer is responsible for and shall provide evidence satisfactory to CPS Energy that the Customer has contracted with all appropriate parties and has obtained all necessary clearances and certificates from governmental agencies and others as may be required for the safe and timely delivery of sufficient quantities of natural gas to CPS Energy. CPS Energy retains the right to accept or reject a proposed natural gas Supplier, as a condition of gas transportation service under this rate, based on such factors as reliability of gas supply and general business reliability. Acceptance of a Customer's Gas Supplier by CPS Energy shall not unreasonably be withheld. The point of delivery of natural gas to CPS Energy shall be one of the existing CPS Energy gate stations. Other points of delivery may be considered by CPS Energy, if and only if the Customer assumes in writing the responsibility for all additional fixed and continuing costs thereof. Natural gas transported by CPS Energy shall be redelivered to the Customer through one metering point, or point of redelivery.

TYPE OF SERVICE

All gas redeliveries to Customer will be measured in terms of 100 Cubic Feet (CCF). Natural gas will be transported for redelivery to the Customer at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. The quality of gas transported must meet the specifications listed in the Agreement, and must be consistent with the specifications contained in the gas supply contracts between CPS Energy and its natural gas suppliers. The quantity of gas transported by CPS Energy shall be deemed equal to the consumption as metered by CPS Energy at the redelivery point plus Gas Losses as defined herein. All gas banking and balancing shall be the responsibility of the Customer. Customer shall provide evidence acceptable to CPS Energy of Customer's gas banking and balancing arrangements.

CPS Energy will require each natural gas transportation Customer to assume initial and continuing cost responsibilities for on-line gas volumetric metering facilities located at the points of redelivery to the Customer and (if necessary) at the points of delivery to CPS Energy, for associated computing facilities used in storing and using the on-line volumetric data, and also for on-line data telemetric delivery to the data processing facilities as required by CPS Energy in order to properly compute billings. Said facilities shall be specified and owned by CPS Energy, and shall be capable of hourly volumetric measurements of natural gas redelivered to the Customer.

CPS Energy shall assume responsibility only for natural gas delivered by Customer's Supplier to CPS Energy gate stations in quantities no higher or lower than provided for in the Agreement. The Customer is responsible for arranging the delivery of natural gas to CPS Energy in hourly amounts equal to those metered at the redelivery point plus Gas Losses. Gas Losses are herein estimated to be two percent (2.0%) of the gas consumption metered at the redelivery point. CPS Energy shall bill the Customer for quantities of gas used by Customer over and above amounts delivered by Customer's Supplier to CPS Energy, according to Firming Gas Service rates and provisions specified herein.

FIRMING GAS SERVICE

CPS Energy makes no stated or implied guarantee of backup natural gas service (firming gas service) to any natural gas transportation Customer. If Customer's Supplier is unable to deliver sufficient quantities of gas, CPS Energy may at its sole discretion elect to supply firming gas service to the Customer. If CPS Energy so elects, the Customer shall be responsible for rates and charges for this firming gas service as specified herein.

TERM OF SERVICE

The term of service hereunder shall be a minimum of five (5) years and shall begin on the day the Agreement is executed. Prior to the end of the term the Customer shall either renew or extend the Agreement (subject to the Agreement terms in effect at the time of renewal or to revised terms at the discretion of CPS Energy) for an additional five (5) year term, or shall apply for a full requirements gas service rate. Applicants for full requirements gas service will be subject to the gas availability constraints that may exist at the time. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

MONTHLY BILLRate

\$ 1,000.00 Service Availability Charge

Demand Charge

\$ 0.92 Winter Billing (December-March)
Per CCF/Day of Billing Demand

\$ 0.74 Non-Winter Billing (April-November)
Per CCF/Day of Billing Demand

Volume Charge

\$ 0.024 Per CCF for all CCF

1 CCF equals 100 cubic feet

Billing Demand

The Billing Demand (CCF/Day) shall be equal to the greatest of the following:

- a) the metered maximum demand (CCF/Day) registered during the month.
- b) the maximum demand (CCF/Day) registered during any winter month (December through March) of the preceding eleven months.
- c) such higher demand (CCF/Day) as may be specified in the Customer's Agreement.

Rate - Firming Transportation Gas Service

For each month during which CPS Energy is requested and agrees to use its own gas to supply the Customer, CPS Energy will bill for this gas in accordance with CPS Energy Gas Rate Class A. Should CPS Energy purchase gas in addition to its natural gas supply contracts in order to supply Customer with gas owned by CPS Energy, then Customer shall be responsible for and will be billed for any additional gas costs thereof - including amounts computed under the adjustments below. Charges billed hereunder are in addition to gas transportation charges detailed herein.

Charges Established by Contract

The charges for transportation service provided under this Schedule may be established by contract at levels less than the maximum set out above under Monthly Bill. Lower charges may be set by contract with a Customer who otherwise qualifies for and elects gas transportation service if the customer provides evidence satisfactory to CPS Energy establishing at least one of the following: 1) the Customer has the intention and capability of bypassing CPS Energy's facilities absent availability of a more competitive level of charges; 2) the Customer's location of new facilities in CPS Energy's gas service area is contingent upon availability of a more competitive level of charges; or 3) the Customer's economic situation for its existing facilities served by CPS Energy's gas system will require the closure or relocation of the facilities absent availability of a more competitive level of charges. If the foregoing qualification is met, the Customer shall enter into a contract with CPS Energy specifying the nature of the service to be supplied, the price to be paid, and such other terms and conditions as are mutually agreeable. Such contracts shall be treated on a confidential basis, to the extent allowed by law. In connection with negotiation of customer contracts pursuant to this provision, CPS Energy shall not establish for such service a price below the incremental costs over the term of the contract plus a reasonable contribution toward the system costs.

MINIMUM BILL

The charges computed as detailed herein, plus any adjustments or additional charges, including initial required payments and monthly continuing payments, which are due at the time the Agreement is executed. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

ADJUSTMENTS

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional one (1) percent of the unpaid balance.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference. Said Rules and Regulations are subordinate to this rate and to the Agreement.

CPS Energy

COMPRESSED NATURAL GAS - VEHICLE

GAS RATE (TEMPORARY-EXPERIMENTAL)

CNGV

APPLICATION

This rate is applicable to compressed natural gas service supplied for propulsion of natural gas powered vehicles. CPS Energy may sell excess compressed natural gas (over and above the needs of CPS Energy vehicles), if available, to owners of natural gas powered vehicles. CPS Energy reserves the option to sell compressed natural gas under this rate for other uses.

TYPE OF SERVICE

Natural gas will be compressed by CPS Energy and delivered at a nominal gauge pressure of 3,000 pounds per square inch. Measurements will be adjusted to the equivalent of 0.25 pounds per square inch gauge pressure.

RATE

\$ 0.580 Per CCF (equivalent to \$0.667 per gallon of gasoline)

1 CCF equals 100 cubic feet

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the month preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus an adjustment to the above Rate to reflect the heat content (BTU per CCF) of natural gas used each month for compressed natural gas vehicle services. The above Rate will also be adjusted and/or converted to \$ per Gasoline Equivalent Gallons (GEG) each month for CPS Energy compressed natural gas sales to customers. The computations used in these adjustment and conversions shall be subject to any Regulatory Authority having jurisdiction, including but not limited to the Texas Department of Agriculture and the Railroad Commission of Texas.

Plus an adjustment, if necessary, such that the total price paid by vehicle Customers approximates that of the prevailing market price for compressed natural gas in San Antonio and surrounding areas. CPS Energy will conduct an appropriate market survey each month in order to adjust this rate to market conditions.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill for Credit Customers will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 1.0 percent each month times the balance due, excluding sales taxes (if any).

TERM OF SERVICE

Service for Credit Customers shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the CPS Energy Application and Agreement For Sale of Compressed Natural Gas Vehicle Service. Service for other Customers will be provided on a real-time per transaction basis.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference. Service is also subject to the CPS Energy Application and Agreement For Sale of Compressed Natural Gas Vehicle Service.

CURTAILMENT

CPS Energy shall have right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

CPS Energy

COMPRESSION STATION FOR VEHICLES

GAS RATE

CSV

APPLICATION

This rate is applicable exclusively to gas service supplied through one meter to stations compressing natural gas for vehicular use.

TYPE OF SERVICE

Natural gas will be supplied at a nominal gauge pressure of four ounces per square inch. If natural gas is metered at a pressure higher than four ounces, measurements will be adjusted to the equivalent of four ounces. When mains of adequate capacity and suitable pressure are not adjacent to the premises served or to be served, the required service may be provided pursuant to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the CPS Energy Policy for Gas Main Extensions and Service Installations.

MONTHLY BILL

Rate

\$ 0.310 Per CCF for all CCF

1 CCF equals 100 cubic feet

Minimum Bill

\$325.00 per month or as specified in the Customer's Application and Agreement for Service.

Adjustments

Plus or minus an amount which reflects the difference in the unit gas cost factor for the current month above or below a basic cost of \$0.220 per CCF sold. The unit gas cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit gas cost per CCF, which is computed based upon the current month's estimated CCF purchases, unit gas cost by supplier, any known changes in gas cost, and pipeline losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit gas cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit gas cost (corrected for any gas supplier surcharge) and the current computation for this value times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of gas costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit gas cost and actual unit gas cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit gas cost and the actual unit gas cost for that month (corrected for any gas supplier surcharge) times the CCF purchased during the preceding month and then dividing the result by the current month's estimated CCF sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit gas cost factors during the months preceding, including, and/or following August each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual gas cost with the annual cumulative gas cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to gas costs resulting from judicial orders or settlements of legal proceedings affecting gas costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to gas costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the gas system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for gas costs, garbage fees and sales taxes.

TERM OF SERVICE

Service shall be supplied for an initial period of not less than one year and shall be continued from year to year unless a longer period is specified in the CPS Energy Application and Agreement for Gas Service. Should a Customer's service requirement exceed the standard of service normally provided under this rate, a longer contract term may be required.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of gas to Customers, in order to adjust to gas supplies available for resale or to adjust to other factors affecting delivery capability.

CPS Energy

RIDER G1

SCHOOL HEATING BOILER SERVICE

This rider is available only to the heating boiler load of tax supported schools when separately metered. All the terms of GAS RATE CLASS B apply with the following exceptions:

- (a) The monthly Service Availability Charge will be \$13.00 during the months of May through October.
- (b) The monthly Minimum Bill will be the Service Availability Charge.

The Customer must provide, at Customer expense, all the house piping and connections necessary to install a CPS Energy meter to separately measure the heating boiler load.

CPS Energy

RIDER G2

SOLAR ENERGY USERS

This rider is available to those customers who obtain part or all of their energy requirement from a solar source and who need to supplement it with natural gas from CPS Energy.

The applicable rate will be that for which the customer would qualify if he did not have a solar source of energy.

The applicable rate will be applied with no modifications other than to exclude solar energy sources in the interpretation of the restrictions applying to the application "to gas supplied for standby service".

CPS Energy

RESIDENTIAL ALL ELECTRIC SERVICE

ELECTRIC RATE

RA

APPLICATION

Subject to other conditions contained herein, this rate is applicable to all alternating current service for residential purposes only, to premises at which total energy needs are satisfied by electric service supplied by CPS Energy. In order to qualify for this tariff, the residential Customer must not have other sources of energy for use in space heating, air conditioning, water heating, cooking or other major loads at the premises.

The service to the premises is supplied at one point of delivery through one meter. When a portion of a residence or household unit served through one meter is used for non-residential purposes, this rate is not applicable. However, if the wiring is so arranged that the service for residential purposes and that for non-residential purposes are separately metered, this rate is applicable to the service supplied for residential purposes provided all other application criteria have been satisfied.

This rate is not applicable to service for resale or to service for hotels, rooming houses, boarding houses, motels, dormitories, or to premises used for other than residential purposes.

This rate is not applicable when more than four residential units are served through one meter.

This rate applies to any premises that qualifies under, and is subject to, the RA rate as of June 26, 2006, where no rate other than the RA rate has subsequently been applied to the premises, i.e., the subsequent provision of electric service under any other rate disqualifies the premises from future application of the RA rate.

In all cases, the application criteria and proper application of this rate shall be determined at the sole discretion of CPS Energy.

TYPE OF SERVICE

The types of service available under this rate are described in CPS Energy Electric Service Standards. When facilities of adequate capacity and suitable phase and voltage are not adjacent to the premises served or to be served, the required service may be provided pursuant to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service and the CPS Energy Policy for Electric Line Extensions and Service Installations.

MONTHLY BILL

Rate

\$ 4.25 Service Availability Charge

Energy Charge

\$ 0.06275 Summer Billing (June - September)
Per KWH for all KWH

\$ 0.06175 Non-Summer Billing (October - May)
Per KWH for the first 600 KWH
\$ 0.05175 Per KWH for all KWH in excess of 600 KWH

Peak Capacity Charge*

\$ 0.0150 Per KWH for all KWH in excess of 600 KWH

*Peak Capacity Charge is applicable only during the summer billing period (June - September).

Minimum Bill

\$4.25. A higher Minimum Bill may be specified in the Customer's Application and Agreement for Electric Service. The Minimum Bill is not subject to reduction by credits allowed under the adjustments below.

Adjustments

Plus or minus an amount which reflects the difference in the unit fuel cost factor for the current month above or below a basic cost of \$0.01416 per KWH sold. The unit fuel cost factor for the current month is computed as the sum of:

- (a) The current month's estimated unit fuel cost per KWH, which is computed based upon the current month's estimated KWH generation mix, unit fuel cost by fuel type, any known changes in fuel cost, sales to other than long-term customers, purchases and line losses; plus
- (b) An adjustment, if indicated by the current status of the over and under recovery of fuel costs for the recovery year in progress, to correct for the difference between the preceding month's estimated unit fuel cost and the current computation for this value. This adjustment is computed by multiplying the difference between the preceding month's estimated unit fuel cost (corrected for any fuel supplier surcharge) and the current computation for this value times the KWH generated during the preceding month and then dividing the result by the current month's estimated KWH sales; plus
- (c) An adjustment, if indicated by the current status of the over and under recovery of fuel costs for the recovery year in progress, to correct for the difference between the preceding month's estimated value for the second preceding month's unit fuel cost and actual unit fuel cost for that month. This adjustment is computed by multiplying the difference between the preceding month's estimated value for the second preceding month's unit fuel cost and the actual unit fuel cost for that month (corrected for any fuel supplier surcharge) times the KWH generated during the preceding month and then dividing the result by the current month's estimated KWH sales; plus
- (d) An adjustment, as necessary, which may be derived and applied to the unit fuel cost factors during the months preceding, including, and/or following January each year, depending on the dollar amount of adjustment necessary to balance the annual cumulative actual fuel cost with the annual cumulative fuel cost recovery through these rates; plus
- (e) An adjustment to reflect offsetting credits to or additions to fuel costs resulting from judicial orders or settlements of legal proceedings affecting fuel costs or components thereof, including taxes or transportation costs, or to reflect accounting and billing record corrections or other out-of-period adjustments to fuel costs.

Plus or minus the proportionate part of the increase or decrease in taxes, required payments to governmental entities or for governmental or municipal purposes which may be hereafter assessed, imposed, or otherwise required and which are payable out of or are based upon revenues of the electric system.

LATE PAYMENT CHARGE

The Monthly Bill will be charged if payment is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill excluding the adjustment for fuel costs, garbage fees and sales taxes, with the exception that the late payment charge will be on the budget billing amount for those Customers on the CPS Energy's Budget Payment Plan.

TERM OF SERVICE

The Term of Service shall be in accordance with the CPS Energy Application and Agreement for Electric Service.

RULES AND REGULATIONS

Service is subject to CPS Energy Rules and Regulations Applying to Retail Electric & Gas Service which are incorporated herein by this reference.

CURTAILMENT

CPS Energy shall have the right at any and all times to immediately adjust in whole or in part, the supply of electricity to Customers, in order to adjust to fuel supplies for generation of electricity or to adjust to other factors affecting delivery capability.

Agenda item #4

**CITY OF SAN ANTONIO
FINANCE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager

FROM: Ben Gorzell Jr. CPA, Acting Director of Finance

SUBJECT: Ordinance Approving Proposed Adjustments to CPS Energy Gas Base Rates, Residential All Electric Rate and the Gas Furnace Lighting Fee

DATE: June 15, 2006

SUMMARY AND RECOMMENDATIONS

The proposed Ordinance will approve adjustments to the following CPS Energy rate schedules and miscellaneous fees:

- Gas Class G – Residential/Small Commercial, increase base charge by \$2.96/month
- Gas Class B – Large Commercial, increase energy charge for initial 6,000 ccf from \$0.394/ccf to \$0.416/ccf
- Gas LVG – Large Volume Gas, increase demand charge for winter billing from \$0.80/ccf/day to \$0.92/ccf/day, increase non-winter demand charge from \$0.64/ccf/day to \$0.74/ccf/day, increase energy charge from \$0.265/ccf to \$0.280/ccf
- Gas NGT – Natural Gas Transport Service - increase in the Demand Charge for Winter Billing from \$0.80/ccf day to \$0.92/ccf day and for Non-Winter Billing from \$0.64/ccf day to \$0.74/ccf day and the Energy Charge from \$0.01/ccf to \$0.024/ccf
- Gas Rider G3 – Customers with Alternative Fuel Capability – elimination of rider.
- Residential All Electric rate (RA) – discontinue rate for new premises
- Gas Furnace Lighting Fee, increase from \$7 (October thru January) to \$24 (all months)

Staff recommends approval of the proposed ordinance.

BACKGROUND INFORMATION

This ordinance requests approval of changes to the CPS Energy gas rate schedules that are needed as a result of increased expenses incurred since the last gas base rate adjustment in 1991. During this 15 year period the CPS Energy Gas Business Unit has realized a nationwide trend that includes slow growth in customers, decreased consumption per customer and a significant increase in operating and maintenance costs due to inflation. These factors have caused the Gas Business Unit to operate at a deficit for several years. The proposed rate adjustment is a component of CPS' plan to achieve recovery of the cost of service for the Gas Business Unit.

In January 2006, the CPS Board of Trustees approved a directive for the Gas Business Unit to become cash flow positive within five years. As a result, a plan was developed that includes the following three components: (1) Increase gas market penetration from the current level of 21% to 30-50% over the next 3 years. A concerted marketing effort is being made by CPS Energy to install gas service in new neighborhoods using a Smart Energy theme. (2) Drive cost down in the Gas Business through process and performance improvements – recently completed, current and planned initiatives are expected to eliminate several million dollars of costs. (3) Adjust rates to offset increased costs while maintaining competitive/low rates.

CPS Energy has begun implementation of the first two components of the plan and has been working with City Staff to address the rate increase. The Public Utilities staff has performed a detailed review of the request, focusing on the following areas: trend analysis of O & M costs, cost allocation methodology, revenue projections (consumption and customer growth), CIP (projects and funding), debt service requirements, and fund balance breakdown. The findings of this review support the proposed rate increase in order for the Gas Business Unit to reduce the existing cash flow deficit.

The ordinance also requests the increase of the Gas Furnace Lighting Fee from \$7 (October thru January) to \$24 (all months). This increase is based on a cost of service study and reflects the true costs to CPS Energy. In addition, CPS Energy proposes to discontinue the Residential All-Electric rate (RA). This rate has been offered to customers who live in all electric dwellings. The RA rate will continue to be applied to existing all electric premises, but CPS Energy will discontinue offering the rate to customers moving into new premises. This will enable CPS Energy to better market combined gas and electric service which is a better energy value for ratepayers. The elimination of Rider G3 – customers with alternative fuel capability is recommended due to lack of customer applicability.

Attached, are graphs which reflect the combined residential electric and gas bill comparison for the top ten U.S. cities and select Texas cities. The comparison is based on CPS' average residential usage of 1,000 kwh and 5 MCF and is based on data for the twelve months ended January 2006. As the attached graphs indicate, following the proposed increase, CPS will continue to have the lowest combined residential utility rates of any of these cities.

FISCAL IMPACT

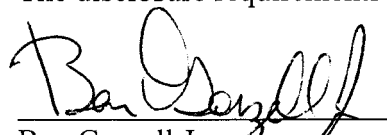
The proposed rate and fee adjustments will generate an estimated additional \$12.8 million in revenue for CPS Energy on an annual basis. The City receives 14% of gross revenues and as such, the City will realize an estimated \$1.8 million increase in City payment on annual basis (in the current fiscal year, approximately \$500,000).

COORDINATION

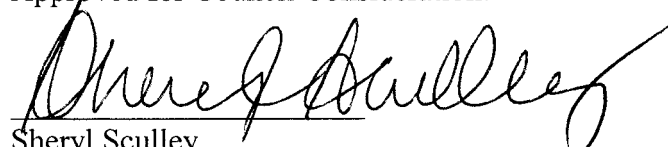
This item has been coordinated with the City Attorney's Office and CPS Energy. The CPS Board of Trustees approved the proposed rate adjustments on May 22, 2006.

SUPPLEMENTARY COMMENTS

The disclosure requirements of the City's Ethics Ordinance are not applicable.

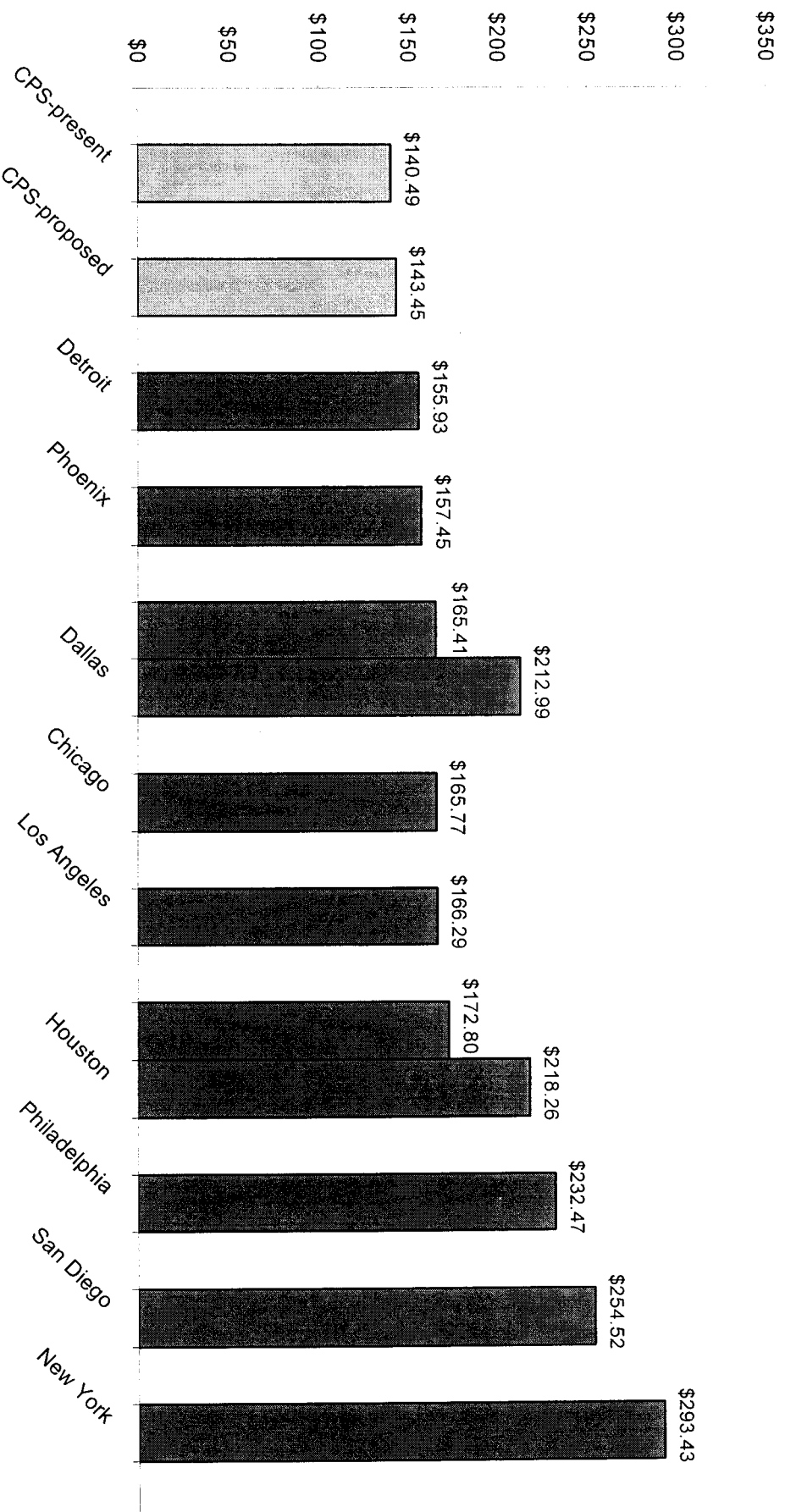

Ben Gorzell Jr.
Acting Director of Finance

Approved for Council Consideration:


Sheryl Sculley
City Manager

Average Residential Bills – Top 10 US Cities

Average Residential Electric and Gas Bill
for the 10 Largest U.S. Cities
for 1,000 kWh and 5 MCF
12 Months Ended January 2006



Average Residential Bills – Texas Cities

Average Residential Electric and Gas Bill
Major Texas Cities
for 1,000 kWh and 5 MCF
12 Months Ended January 2006

